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STING STATEMENT No. 1982

LISTED DECEMBER 13th, 1957  
825,000 Cumulative Participating Class "A" Shares  
without par value of which 17,750 are listed  
subject to issuance.  
Ticker Abbreviation KLDA  
Post Section 11

TORONTO STOCK EXCHANGE

JAN 9 1958

LISTING STATEMENT

KELLY, DOUGLAS & COMPANY, LIMITED

(Incorporated under the laws of British Columbia on April 3, 1906)

CUMULATIVE PARTICIPATING CLASS "A" SHARES  
WITHOUT NOMINAL OR PAR VALUE

CAPITAL SECURITIES AS AT NOVEMBER 25, 1957

FUNDED DEBT	AUTHORIZED	OUTSTANDING	TO BE LISTED
First Mortgage Serial 4% Bonds of Nabob Holdings Limited guaranteed by the Company.....	\$3,500,000	\$ 440,000	
4½% instalment notes payable to bank (1).....		1,375,000	
5% loans of a subsidiary company guaranteed by the Company.....		\$ 109,897	
Unsecured Debentures (2) 6% Sinking Fund Debentures, Series A, due November 1, 1977		\$3,000,000	
Secured Debentures (1)			
SHARE CAPITAL			
4½% Cumulative Redeemable Preference Shares with a nominal or par value of \$100 each.....	20,000 shares	6,192 shares	
Cumulative Participating Class "A" Shares without nominal or par value.....	2,000,000 shares (3)	821,625 shares (5)	825,000 shares
Class "B" Shares without nominal or par value.....	3,000,000 shares (4)	1,564,875 shares (5)	

(1) The Company has created and issued demand debentures aggregating \$5,000,000 secured by a specific charge on certain assets and a floating charge on other assets of the Company and which (inter alia) have been hypothecated with and are held by the Company's bankers as additional security solely for bank borrowings and accommodation including the 4½% instalment notes.

(2) Debentures without limit as to aggregate principal amount may be issued upon and subject to the terms and conditions set forth in a certain Trust Indenture, dated as of November 1, 1957 and made between the Company and National Trust Company, Limited, as Trustee, providing for the issuance of Debentures of the Company.

(3) Of which 225,000 shares are reserved for issuance upon the exercise of the Cumulative Participating Class "A" Share Purchase Warrants which are referred to in the attached prospectus and which are to be attached to the 6% Sinking Fund Debentures, Series A, when issued in definitive form and 17,750 shares are reserved for issuance upon the exercise of stock options granted to certain executives, officers and employees of the Company.

(4) Of which 53,250 shares are reserved for issuance upon the exercise of stock options granted to certain executives, officers and employees of the Company.

(5) Of which 807,250 Cumulative Participating Class "A" Shares and 1,521,750 Class "B" Shares are outstanding as fully paid and 14,375 Cumulative Participating Class "A" Shares and 43,125 Class "B" Shares are outstanding as partly paid and of which 13,711 fully paid Cumulative Participating Class "A" Shares and 41,133 fully paid Class "B" Shares are held by a wholly-owned subsidiary company.



November 25, 1957

## 1. APPLICATION

KELLY, DOUGLAS & COMPANY, LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 825,000 Cumulative Participating Class "A" Shares without nominal or par value in the capital stock of the Company consisting of 807,250 Cumulative Participating Class "A" Shares outstanding at the date hereof as fully paid and non-assessable and 17,750 unissued Cumulative Participating Class "A" Shares upon official notice of the issuance thereof on the exercise of stock options granted to certain executives, officers and employees of the Company, particulars of which options are set forth in the attached prospectus.

## 2. REFERENCE TO ATTACHED PROSPECTUS

Reference is made to the attached prospectus dated October 18, 1957 relating to the offering by the Company of \$3,000,000 aggregate principal amount of 6% Sinking Fund Debentures, Series A, carrying warrants to purchase Cumulative Participating Class "A" Shares, which prospectus is incorporated herein and made a part hereof.

## 3. OPINION OF COUNSEL

Messrs. Farris, Stultz, Bull & Farris, 510 West Hastings Street, Vancouver, British Columbia, counsel for the Company, are filing in support of this application an opinion stating, among other things, that:

- (i) the Company has been duly incorporated and is a valid and subsisting company in good standing under the laws of the Province of British Columbia;
- (ii) 807,250 Cumulative Participating Class "A" Shares without nominal or par value in the capital stock of the Company have been validly issued and are outstanding as fully paid and non-assessable; and
- (iii) 17,750 Cumulative Participating Class "A" Shares without nominal or par value in the capital stock of the Company have been duly authorized for issuance upon the exercise of the stock options hereinbefore mentioned.

## 4. LISTING ON OTHER STOCK EXCHANGES

The Company is making a concurrent application for the listing of its Cumulative Participating Class "A" Shares on the Vancouver Stock Exchange.

## 5. STATUS UNDER SECURITIES ACTS

The \$3,000,000 aggregate principal amount of 6% Sinking Fund Debentures, Series A, carrying warrants to purchase Cumulative Participating Class "A" Shares, offered for sale to the public by the above mentioned prospectus have been qualified for sale to the public through registered stock brokers in all Provinces of Canada.

## 6. FISCAL YEAR

The fiscal year of the Company ends on May 24, 1958 and at the end of every 52 weeks thereafter.

## 7. ANNUAL MEETING

Under the Articles of Association of the Company an annual general meeting is to be held once in every calendar year at such time (not being more than fifteen months after the holding of the last preceding annual general meeting) and place as may be prescribed by the Company in general meeting. The last annual general meeting was held on September 23, 1957.

## 8. HEAD OFFICE

The address of the head office of the Company is 3700 Kingsway, Burnaby, British Columbia.

## 9. TRANSFER AGENT AND REGISTRAR

The Registrar in respect of the Company's Cumulative Participating Class "A" Shares and Class "B" Shares is National Trust Company, Limited at Vancouver, B.C. and the Transfer Agent in respect of such shares is National Trust Company, Limited at Toronto, Vancouver, Winnipeg and Montreal, Canada. The register in respect of the Preference Shares of the Company is kept by the Company at its head office, 3700 Kingsway, Burnaby, B.C. The registers in respect of the 6% Sinking Fund Debentures, Series A, and on which transfers may be made, are kept at the offices of National Trust Company, Limited in Toronto, Vancouver, Winnipeg and Montreal, Canada.

*A copy of this Prospectus has been filed with the Registrar of Companies for the Province of British Columbia.*

**\$3,000,000**

**Kelly, Douglas & Company, Limited**

**6% Sinking Fund Debentures, Series A**


*(Carrying Warrants to Purchase Cumulative  
Participating Class "A" Shares)*

*To be dated November 1, 1957*

*To mature November 1, 1977*







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*This prospectus is not, and under no circumstances is to be construed as, a public offering of these securities for sale in the United States of America or in the territories or possessions thereof.*

NEW ISSUE

**\$3,000,000**

## **Kelly, Douglas & Company, Limited**

(Incorporated under the laws of British Columbia)

### **6% Sinking Fund Debentures, Series A**

**(Carrying Warrants to Purchase Cumulative Participating Class "A" Shares)**

To be dated November 1, 1957

To mature November 1, 1977

Principal and semi-annual interest (May 1 and November 1) and redemption premium, if any, shall be payable in lawful money of Canada at the holder's option at any branch in Canada of the Company's bankers. Coupon debentures in the denomination of \$1,000 registrable as to principal only, and fully registered debentures in denominations of \$1,000 and authorized multiples thereof.

Redeemable prior to maturity at the option of the Company in whole at any time or in part from time to time on not less than thirty days' notice, for other than sinking fund purposes, at 100% of the principal amount thereof together with a premium thereon of 6% of such principal amount if redeemed on or before November 1, 1958, such premium thereafter decreasing .30 of 1% of such principal amount for each year or portion thereof elapsed after November 1, 1958 to and including November 1, 1976 and thereafter without premium; and for sinking fund purposes at the principal amount thereof; plus in all cases interest accrued to the date fixed for redemption; provided that the Company shall not redeem any 6% Sinking Fund Debentures, Series A, prior to November 1, 1967 as part of a refunding operation involving the application, directly or indirectly, of borrowed funds having an interest rate of less than 6% per annum.

The Company will covenant to pay to the Trustee as and by way of a sinking fund for the 6% Sinking Fund Debentures, Series A, on or before November 1 in each of the years 1958 to 1976, both inclusive, a sum sufficient to retire \$100,000 principal amount of 6% Sinking Fund Debentures, Series A. The Company will have the right to tender 6% Sinking Fund Debentures, Series A, in satisfaction, in whole or in part, of any such sinking fund payment.

Trustee: National Trust Company, Limited

#### **Share Purchase Warrants**

The 6% Sinking Fund Debentures, Series A, when issued in definitive form on March 31, 1958, or such earlier date as the Company may determine, will have attached thereto warrants entitling the holders thereof to purchase on and after March 31, 1958 Cumulative Participating Class "A" Shares without nominal or par value of the Company at the rate of 75 such shares, as presently constituted, in respect of each \$1,000 principal amount of Debentures, at the following prices:

\$4.25 per share if purchased at any time up to the close of business on November 1, 1961 and

\$4.75 per share if purchased thereafter and at any time up to the close of business on November 1, 1965 when such Warrants will expire.

The trust indenture relating to the Share Purchase Warrants will contain provisions for the adjustment of the above purchase terms in certain events as more fully described on pages 5 and 20 of this Prospectus.

We as principals offer these 6% Sinking Fund Debentures, Series A, if, as and when issued by the Company and accepted by us and subject to prior sale and change in price, and also subject to the approval of all legal matters on our behalf by Messrs. Douglas, Symes & Brissenden, Vancouver, and Messrs. Tory, Arnold, Wardlaw, Whittaker & Tory, Toronto, and on behalf of the Company by Messrs. Farris, Stultz, Bull & Farris, Vancouver.

**Price: \$100 and accrued interest**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that Debentures in interim form will be available for delivery on or about November 6, 1957.

*Applications have been made for the listing of the Cumulative Participating Class "A" Shares of Kelly, Douglas & Company, Limited on the Toronto and Vancouver Stock Exchanges.*



(LETTERHEAD)  
KELLY, DOUGLAS & COMPANY, LIMITED

WOOD, GUNDY & COMPANY LIMITED  
VANCOUVER, B.C.

Vancouver, B.C.  
October 18, 1957.

Dear Sirs:

With reference to the proposed issue of \$3,000,000 principal amount of 6% Sinking Fund Debentures, Series A, of Kelly, Douglas & Company, Limited (hereinafter sometimes called the "Company"), we have pleasure in submitting the following information:

**The Company**

Kelly, Douglas & Company, Limited was incorporated under the laws of British Columbia in 1906. Prior to that time, the business was operated as a partnership between the original founders, Mr. Robert Kelly and Mr. Francis Ross Douglas. Their partnership was formed in 1896, during the time of the Klondyke gold rush, and was dissolved on Mr. Francis Ross Douglas' death.

The head office of the Company is situated in Burnaby, British Columbia. The Company's wholly-owned subsidiaries include:—

Nabob Foods Limited	Nabob Holdings Limited	Super-Valu Stores (B.C.) Ltd.
Dickson Importing Co. Limited	The Murray Company Limited	Kingsway Frozen Foods Ltd.

**Business**

The Company and its wholly-owned subsidiary companies are engaged in the wholesale grocery business in British Columbia and the Yukon Territory and in the manufacture and distribution of food products throughout British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

The business has shown a steady growth for over 60 years and during the past 6 years sales have increased 100%. The present year's sales are expected to increase a further 8% over last year.

The business is divided into three main divisions: Manufacturing, Wholesale and Retail.

**MANUFACTURING DIVISION**

The Company's Manufacturing Division is operated under the name "Nabob Foods". It manufactures, packages and distributes the nationally known line of Nabob food products. These products include tea, coffee, spices, extracts, jelly powders, a full range of fruit punches, confections, mincemeat and Squirrel Brand peanut butter.

To service its customers outside British Columbia, it operates branch warehouses in leased premises at Calgary, Edmonton, Saskatoon, Regina, Winnipeg and Toronto.

Sales of Nabob Brand coffee have increased to the point where more is sold than any other brand now retailed in Canada.

In order to improve and to expand its merchandising and manufacturing facilities the Company in 1956 acquired Dickson Importing Co. Limited and The Murray Company Limited.

Dickson Importing Co. Limited operates from leased premises in central Vancouver and is one of the largest restaurant and industrial supply businesses in Western Canada specializing in tea and coffee. These products are marketed under the commercial name of Dickson's Restaurant Pack and the retail name of Dickson's Blossom Brand.

The Murray Company Limited was acquired in July, 1956. This company over the past 30 years has been a major supplier of the famous quality line of Nabob jams, jellies and marmalades. Its operations are carried on in modern up-to-date premises owned by it and situated on a 1½ acre site in Burnaby near the Company's main distribution centre.

**WHOLESALE DIVISION**

This Division is a major distributor in British Columbia of nationally advertised brands of dry groceries, and distributes fresh fruits and vegetables in several British Columbia areas, including the lower Mainland. In addition, the Division supplies dairy products, operates a meat buying department, supplies paper specialties, tobacco, candy and drugs and handles all non-food lines customarily sold through retail food outlets. It also distributes a full range of frozen food products.

The Wholesale Division carries on business throughout British Columbia and the Yukon Territory, and services these areas through branch warehouse operations in premises owned by Nabob Holdings Limited situated at Victoria, Nanaimo, Prince Rupert, Prince George, Quesnel, Kamloops, Vernon, Penticton, Nelson, Cranbrook and the head office warehouse in Burnaby.

In order that small account businesses may be better serviced in the lower Mainland and Vancouver Island areas the Division operates five strategically located Cash & Carry wholesale pick-up warehouses. Further properties are held for future expansion of this type of service.

In recent years the Company's Wholesale Division has extended its Industrial Department to keep pace with the growth taking place throughout British Columbia and today this Department accounts for 10% of the Division's sales. The Industrial Department supplies the primary industries of fishing, mining and lumbering.



## RETAIL DIVISION

Super-Valu Stores (B.C.) Ltd. owns and operates 22 super markets throughout British Columbia; of these 13 are located in the Vancouver area, 3 in Victoria and 1 each at Penticton, Prince George, Powell River, Kitimat, Mission and White Rock.

The super markets presently in operation have an average floor area of 9,000 square feet. However, those constructed in the past two years have been progressively larger and the four most recently completed have an average floor area in excess of 13,500 square feet. Super markets now in the planning stage will be considerably larger.

At the present time the Company owns a number of properties held for future expansion, on one of which a super market is under construction, with others planned to follow.

In addition to the 22 markets owned by Super-Valu Stores (B.C.) Ltd. there are 50 markets independently operated under the Company's Super-Valu franchise plan. The majority of these markets are held by the Company under lease and are sublet to independent operators. Of the 50 independently operated markets, 29 are situated in the lower Mainland area and 21 throughout the rest of British Columbia. The success of the Super-Valu chain as a British Columbia owned and operated enterprise has been demonstrated through its growth over the past five years to the point where sales now exceed \$47 million annually.

The Retail Division also operates the well-known Red & White Store franchise throughout British Columbia. This chain consists of 180 independently owned medium sized food markets. Supervision and service are also supplied to Associated Food Stores and other independent retail outlets in British Columbia.

## NABOB HOLDINGS LIMITED

This company owns the building housing the head office and main distribution warehouse, which is situated on a 10 acre site in the highly developed Kingsway area of Burnaby, British Columbia. This company owns an additional 10 acres of adjoining property for future expansion. The modern head office contains 49,000 square feet of floor area. The adjoining grocery warehouse has 184,000 square feet of ground floor area in which the most up-to-date automatic handling equipment is utilized. Recent construction at the Kingsway site includes a produce warehouse which has a floor area of approximately 52,000 square feet and which is one of the most up-to-date operations of its type on the North American continent.

Nabob Holdings Limited owns two manufacturing plants and leases two manufacturing plants in the Vancouver area, which house the Company's Manufacturing Division facilities, and 10 other warehouses operating under the Company's Wholesale Division at Victoria, Nanaimo, Prince Rupert, Prince George, Quesnel, Kamloops, Vernon, Penticton, Nelson and Cranbrook.

### Current Operations and Outlook

The Company's business during the first twelve weeks of this fiscal year reflects an improvement over the same period last year. The management has budgeted for an increase in sales and profits during the current fiscal year and results to date are running ahead of the budget forecast.

The general prosperity and growth of the food industry is understandably linked to expanding population and expanding national income. In addition to the growth inherent in the food business, the Company has the added advantages of strategic locations, product acceptance, young and aggressive management and a reputation built up over many years of service to its customers. As a result of these conditions the management views the future operations of the Company with confidence.

### Capitalization

(as at October 18, 1957 after giving effect to the proposed issue of \$3,000,000 principal amount of 6% Sinking Fund Debentures, Series A)

	Authorized	Outstanding
First Mortgage Serial 4% Bonds of Nabob Holdings Limited guaranteed by the Company .....	\$3,500,000	\$ 440,000
4½% instalment notes payable to bank (1) .....		\$1,375,000
5% loans of a subsidiary company guaranteed by the Company .....		\$ 109,897
Unsecured Debentures (2)		
6% Sinking Fund Debentures, Series A, due November 1, 1977 (this issue) .....		\$3,000,000
Secured Debentures (1)		
Share Capital		
4½% Cumulative Redeemable Preference Shares with a nominal or par value of \$100 each .....	20,000 shares	6,192 shares
Cumulative Participating Class "A" Shares without nominal or par value .....	2,000,000 shares (3)	821,000 shares (5)
Class "B" Shares without nominal or par value .....	3,000,000 shares (4)	1,563,000 shares (5)

(1) The Company has created and issued demand debentures aggregating \$5,000,000 secured by a specific charge on certain assets and a floating charge on other assets of the Company and which (inter alia) have been hypothecated with and are held by the Company's bankers as additional security solely for bank borrowings and accommodation including the 4½% instalment notes.

(2) Debentures without limit as to aggregate principal amount may be issued upon and subject to the terms and conditions hereunder referred to under the heading "Issue of Additional Debentures".



- (3) Of which 225,000 shares are reserved for issuance upon the exercise of the Share Purchase Warrants to be attached to the 6% Sinking Fund Debentures, Series A, when issued in definitive form and 18,375 shares are reserved for issuance on exercise of the options referred to in paragraph (k) of the subjoined Statutory Information.
- (4) Of which 55,125 shares are reserved for issuance upon the exercise of the options referred to in paragraph (k) of the said Statutory Information.
- (5) Of which 13,711 Class "A" Shares and 41,133 Class "B" Shares are held by a wholly-owned subsidiary company.

### Purpose of Issue

The net proceeds of this issue of \$3,000,000 principal amount of 6% Sinking Fund Debentures, Series A, will be used for the general corporate purposes of the Company.

### Earnings

The following report has been received from the Company's auditors with respect to the consolidated earnings of the Company and its subsidiary companies for the ten years and twelve weeks ended August 17, 1957:

### Kelly, Douglas & Company, Limited and subsidiary companies

### Statement of Consolidated Earnings For the Ten Years and Twelve Weeks Ended August 17, 1957

Fiscal Period	Consolidated earnings before deducting interest, depreciation and taxes on income (Note 1)	Provision for depreciation	Bank interest (net)	Interest on bonds of a subsidiary company	Taxes on income of subsidiary companies (Note 2)	Balance of consolidated earnings before deducting taxes on income of parent company	Taxes on income of parent company (Note 2)	Consolidated net earnings (Note 3)
6 months ended November 30, 1947 .....	\$ 342,826	\$ 56,552	\$ 91,779	\$ —	\$ 29,206	\$ 165,289	\$ 54,529	\$ 110,760
Year ended November 30, 1948 .....	602,709	162,018	199,025	—	61,267	180,399	36,339	144,060
Year ended November 30, 1949 .....	902,092	253,973	201,431	47,579	(12,928)	412,037	140,086	271,951
6 months ended June 3, 1950 .....	544,378	133,916	82,713	23,054	6,305	298,390	96,836	201,554
52 weeks ended June 2, 1951 .....	733,272	227,214	175,229	42,400	(10,767)	299,196	131,583	167,613
52 weeks ended May 31, 1952 .....	364,290	226,999	194,344	38,874	14,721	(110,648)	(58,817)	(51,831)
52 weeks ended May 30, 1953 .....	1,375,538	274,434	117,027	35,662	35,842	912,573	426,080	486,493
52 weeks ended May 29, 1954 .....	1,340,203	303,561	57,330	32,136	35,465	911,711	398,863	512,848
52 weeks ended May 28, 1955 .....	961,779	344,156	56,528	28,769	67,896	464,430	172,575	291,855
52 weeks ended May 26, 1956 .....	2,396,216	376,004	45,416	25,356	229,685	1,719,755	705,000	1,014,755
52 weeks ended May 25, 1957 .....	2,921,237	489,073	105,703	21,424	295,200	2,009,837	810,500	1,199,337
12 weeks ended Aug. 17, 1957 (Note 4) ..	751,192	117,593	27,343	5,117	69,500	531,639	217,500	314,139

#### Notes:

1. Contributions under the pension plan based on employees' past service aggregated \$241,994 during the period covered by the above statement. Actuarial estimates indicate that further equal annual instalments of approximately \$22,500 each will be required up to 1967.

2. Income tax reductions resulting from the application of loss-carry-over provisions of the Income Tax Act have been deducted in the above statement from the corporate losses which gave rise to such reductions.

The charges for taxes on income of subsidiary companies for the periods ended May 28, 1955, May 26, 1956, May 25, 1957 and August 17, 1957, include provisions for taxes of \$55,500, \$39,000, \$51,613 and \$5,956 respectively, payment of which is deferred as a result of claiming additional capital cost allowances for tax purposes in excess of the depreciation recorded in the accounts and shown above.

Included in taxes on income of the parent company as shown above are the following amounts for the periods indicated being taxes on income of certain subsidiary companies in those periods which now operate as divisions of the parent company:—

6 months ended November 30, 1947 .....	\$ 9,529
Year ended November 30, 1948 .....	(23,581)
Year ended November 30, 1949 .....	269,845
6 months ended June 3, 1950 .....	134,093
52 weeks ended June 2, 1951 .....	156,614
52 weeks ended May 31, 1952 .....	166,187
52 weeks ended May 29, 1954 .....	(7,075)
52 weeks ended May 28, 1955 .....	9,575

3. The consolidated net earnings, as shown above, do not include the earnings of subsidiary companies prior to their acquisition and the following aggregate net profits (losses) during the period:—

Net proceeds from life insurance (1953) .....	\$ 85,471
On disposal of fixed assets .....	5,351
On disposal of certain minor subsidiary companies .....	(14,574)
	<u>\$ 76,248</u>



4. Because of market fluctuations affecting the company's business, the earnings for the first few weeks of the fiscal year are not necessarily proportionate to the earnings for the whole year.

To the Directors,

KELLY, DOUGLAS & COMPANY, LIMITED:

We have examined the above statement of consolidated earnings of Kelly, Douglas & Company, Limited and subsidiary companies for the ten years and twelve weeks ended August 17 1957, and report that in our opinion this statement, read in conjunction with the notes thereto, presents fairly the results of the operations for the periods indicated. Incorporated in this statement are the earnings since its acquisition in 1954 of a subsidiary company whose accounts were examined and reported on by another firm of Chartered Accountants.

Vancouver, B.C.,  
October 18, 1957.

(Signed) PRICE WATERHOUSE & Co.  
Chartered Accountants.

### Balance Sheet

There are attached hereto a consolidated balance sheet and a pro forma consolidated balance sheet of the Company and subsidiary companies as at August 17, 1957, together with a report thereon of the Company's auditors.

### Interest Charges

The maximum annual interest charges on the long term debt of the Company and its subsidiary companies to be outstanding upon completion of the present financing will amount to \$259,345, which amount will decrease as the sinking fund operates, as serial bonds of a subsidiary company mature, and as instalment notes and loans are paid.

### Assets and Long Term Debt

According to the attached Pro Forma Consolidated Balance Sheet of the Company and its subsidiary companies as at August 17, 1957 (after giving effect to the transactions outlined in the heading thereto) as reported on by Messrs. Price Waterhouse & Co., the Auditors of the Company, the companies' net current assets and fixed assets and long term debt were as follows:

Net current assets, after deducting long term debt due within one year .....		\$ 7,710,941
Land, buildings, machinery and equipment, at cost .....	\$ 8,086,238	
Less: Accumulated depreciation .....	2,912,966	
		<u>5,173,272</u>
Total of net current assets and fixed assets .....		<u>\$12,884,213</u>
Long term debt:		
4½% instalment notes payable to bank, less note for \$125,000 due within one year .....	\$ 1,250,000	
First Mortgage Serial 4% Bonds of a subsidiary company, less \$86,000 due within one year .....	440,000	
5% loans of a subsidiary company .....	109,897	
6% Sinking Fund Debentures, Series A, to be outstanding after present financing .....	3,000,000	
Total of long term debt to be outstanding after present financing .....		<u>\$ 4,799,897</u>

### Share Purchase Warrants

The 6% Sinking Fund Debentures, Series A, when issued in definitive form on March 31, 1958, or such earlier date as the Company may determine, will have attached thereto warrants entitling the bearers of such warrants to purchase on and after March 31, 1958 Cumulative Participating Class "A" Shares without nominal or par value of the Company at the rate of seventy-five (75) such shares, as presently constituted, in respect of each \$1,000 principal amount of Debentures, at the following prices:

\$4.25 per share if purchased at any time up to the close of business on November 1, 1961 and

\$4.75 per share if purchased thereafter and at any time up to the close of business on November 1, 1965.

Share Purchase Warrants will expire at the close of business on November 1, 1965.

The Share Purchase Warrants will be issued pursuant to a trust indenture to be made as of November 1, 1957 between the Company and National Trust Company, Limited, as trustee, which will contain provisions for adjustment in the number of shares issuable pursuant to the privilege attaching to the Share Purchase Warrants in the event of any consolidation, subdivision or reclassification of, or any stock dividend being paid on, the Class "A" Shares of the Company and in the event of the issue of Class "A" Shares of the Company at any time for a consideration (including commissions or discounts allowed by the Company) less than the price at which Class "A" Shares may be purchased pursuant to the Share Purchase Warrants at such time other than Class "A" Shares issued pursuant to options presently outstanding or options hereafter issued to executives, officers or employees of the Company or any of its subsidiary companies. In addition the Company will covenant to give thirty (30) days' notice by public advertisement before issuing to its shareholders pro rata rights to subscribe for additional shares, making any repayment of capital on its Class "A" or Class "B" Shares, consolidating or merging with any other company or selling or leasing a substantial part of its undertaking.

### Summary of Cumulative Participating Class "A" Share Provisions

The Class "A" Shares are non-callable and are entitled, subject to the prior rights and privileges attaching to the Preference Shares of the Company, to fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors of the Company, at the rate of 25¢ per share per annum payable quarterly on the last days of February, May, August and November at par at any branch in Canada of the Company's bankers. Except with the consent of the holders of the Class "A" Shares, no dividend may be declared or



paid or set apart for payment on the Class "B" Shares or on any other shares of the Company junior to the Class "A" Shares unless all cumulative preferential dividends on the Class "A" Shares have been declared and paid or set apart for payment. In addition, the Company shall not redeem, purchase or retire any shares of its capital stock or declare or pay any dividend on the Class "B" Shares or on any other shares of the Company junior to the Class "A" Shares (a) when the consolidated net current assets (as defined) of the Company and its subsidiary companies are less than or if after payment of such dividend or such redemption, purchase or retirement such consolidated net current assets would be less than \$3,000,000 or (b) when the consolidated current assets (as defined) of the Company and its subsidiary companies are less than or if after payment of such dividend or such redemption, purchase or retirement such consolidated current assets would be less than 125% of the consolidated current liabilities (as defined) of the Company and its subsidiary companies.

Whenever in any period of 12 months commencing on the last day of May all preferential dividends on the Class "A" Shares have been paid and declared or set apart for payment and dividends on the Class "B" Shares have been paid or declared or set apart for payment in an amount per share equal to 25¢ plus the amount (if any) by which 25¢ exceeds the dividend per share paid or declared or set apart for payment on the Class "B" Shares in the immediately preceding period of 12 months, then any and all further dividends which in the discretion of the Board of Directors of the Company may be paid in such first mentioned period of 12 months shall be paid in equal amounts per share on all Class "A" Shares and Class "B" Shares at the time outstanding share and share alike.

The aggregate amount of any tax paid by the Company under the provisions of Section 105 of the Income Tax Act and the value of any stock dividend (other than in Class "B" Shares) declared by the Company to the holders of the Class "B" Shares shall be deemed to have been paid to such holders as a dividend for the purpose of calculating their entitlement to dividends. Provision is also made for the prevention of the dilution of the rights of the holders of the Class "A" Shares to dividends and capital in the event of a subdivision, consolidation or other reclassification of the Class "A" Shares or the Class "B" Shares and also in the event of the payment of a stock dividend in Class "B" Shares to the holders of the Class "B" Shares.

Subject to the prior rights and privileges attaching to the Preference Shares of the Company, on the liquidation, dissolution or winding-up of the Company, the holders of the Class "A" Shares are first entitled to receive out of the assets of the Company all unpaid preferential dividends thereon and thereafter are entitled to share equally with the holders of the Class "B" Shares, share and share alike, in all distributions of the assets of the Company.

The Class "A" Shares are non-voting unless and until 6 quarterly dividends in the aggregate are in arrears, in which case the holders of the Class "A" Shares shall be entitled to one vote in respect of each share held and shall also be entitled, voting separately and as a class, to elect one Director to the Board of Directors of the Company. The holders of the Class "B" Shares are entitled to one vote in respect of each share held.

*The foregoing summary is not complete and is qualified in its entirety by reference to the provisions attaching to the various classes of shares in the capital of the Company which are set out in paragraph (h) of the subjoined Statutory Information.*

#### **Summary of Certain Provisions of the Trust Indenture**

The \$3,000,000 aggregate principal amount of 6% Sinking Fund Debentures, Series A (said principal amount of Debentures being hereinafter called the "Series A Debentures"), will, in the opinion of counsel, be direct obligations of the Company but will not be secured by any mortgage, pledge or other charge. The Series A Debentures will be issued under the provisions of a Trust Indenture (hereinafter referred to as the "Trust Indenture") to be dated as of November 1, 1957 and to be made between the Company and National Trust Company, Limited, as Trustee.

The Trust Indenture will contain provisions to the effect that:—

1. The Company will not redeem any Series A Debentures prior to November 1, 1967, as part of a refunding or anticipated refunding operation by the application, directly or indirectly, of moneys borrowed in connection with such refunding or anticipated refunding operation having an interest rate of less than 6% per annum.
2. So long as any Series A Debentures remain outstanding:
  - (a) The Company will not declare or pay any dividends (other than dividends payable in capital stock of the Company) on or apply any of its properties or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or make any other distribution, by reduction of capital or otherwise, in respect of, or permit any subsidiary company to purchase, any shares of any class of capital stock of the Company unless, immediately after giving effect thereto
    - (i) the consolidated net current assets of the Company and its subsidiary companies would be not less than \$3,000,000; and



- (ii) the consolidated current assets of the Company and its subsidiary companies would be not less than 125% of the consolidated current liabilities of the Company and its subsidiary companies, provided, however, that this covenant will not apply to nor operate to prevent the purchase, redemption or other retirement of any shares of the Company out of the proceeds of an issue of shares made at any time after November 1, 1957 and prior to or contemporaneously with such purchase, redemption or other retirement.
- (b) Neither the Company nor any subsidiary company will thereafter mortgage, charge, pledge or otherwise encumber any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations unless such of the Series A Debentures as shall then be outstanding are secured at such time by such mortgage, charge, pledge or other encumbrance so that the same shall be secured equally and rateably with such moneys, debts, liabilities, bonds, debentures, notes or other obligations; provided, however, that this covenant shall not apply to nor operate to prevent the issue from time to time, or the securing by mortgage, charge, pledge or encumbrance, of first mortgage bonds of the Company or of any subsidiary company, without limitation as to the maximum principal amount thereof to be at any one time outstanding under and in accordance with existing or future provisions of the trust deeds, if any, securing same and any and all deeds in amendment or supplement thereof or creating additional security therefor or the securing by mortgage, pledge, charge or encumbrance of debts, liabilities, bonds, debentures, notes or other obligations from a subsidiary company exclusively to the Company.
- (c) The Company will not, nor will it permit any subsidiary company to, thereafter issue or become liable on any funded obligations (other than the Series A Debentures) unless
  - (i) the average annual consolidated net earnings of the Company and its subsidiary companies for the two immediately preceding fiscal years are at least equal to four times the annual interest requirements on all consolidated funded obligations of the Company and its subsidiary companies to be outstanding after such proposed issue or after the Company or such subsidiary company so becoming liable, as the case may be;
  - (ii) the consolidated net tangible assets (after giving effect to the receipt of the net proceeds of the funded obligations then proposed to be issued and to the use of said proceeds then contemplated by the directors, as to which a resolution of the directors shall be conclusive) of the Company and its subsidiary companies are at least equal to  $1\frac{3}{4}$  times the aggregate principal amount of all consolidated funded obligations of the Company and its subsidiary companies to be outstanding after such proposed issue or after the Company or such subsidiary company so becoming liable, as the case may be;
  - (iii) the consolidated net current assets of the Company and its subsidiary companies (after giving effect to the receipt of the net proceeds of the funded obligations then proposed to be issued and to the use of said proceeds then contemplated by the directors, as to which a resolution of the directors shall be conclusive) shall be not less than \$3,000,000; and
  - (iv) the consolidated current assets of the Company and its subsidiary companies (after giving effect to the receipt of the net proceeds of the funded obligations then proposed to be issued and to the use of said proceeds then contemplated by the directors, as to which a resolution of the directors shall be conclusive) shall at least equal 125% of the consolidated current liabilities of the Company and its subsidiary companies.
- (d) The Company will not, nor will it permit any subsidiary company to, issue thereafter any funded obligations (other than first mortgage bonds) having a maturity date prior to November 1, 1977, other than funded obligations maturing serially.
- (e) The aggregate amount payable in any year in respect of any issue of funded obligations of the Company or any subsidiary company issued after November 1, 1957 (other than first mortgage bonds) to meet serial maturities and/or as mandatory sinking fund payments shall not bear a higher ratio to the aggregate principal amount of such issue than the ratio borne by the sinking fund payment on the Series A Debentures in such year to \$3,000,000, unless the sinking fund payment in such year in respect of the Series A Debentures is increased proportionately; provided that any such increase shall take effect only on the November 1 next following the date when the first such proportionately greater payment on such funded obligations is made.
- (f) The Company will not, nor will it permit any subsidiary company to, thereafter sell or otherwise dispose of any funded obligations, secured or unsecured, of a subsidiary company except to another subsidiary company unless, if such funded obligations were funded obligations of the Company, they would be permitted, at the date of such sale or other disposition, to be created and issued by the Company under the provisions of clauses (b) to (e) inclusive or under clause (g) hereof.
- (g) **The foregoing clauses (a) to (f) inclusive shall not apply to nor operate to prevent**
  - (i) the assuming or giving of (1) purchase money mortgages on property acquired by the Company or by any subsidiary company up to but not exceeding 66 $\frac{2}{3}$ % of the cost of the property so acquired, or (2) first mortgages for the purpose of financing the purchase or construction of shopping centres and/or retail or wholesale premises on real property acquired by the Company or by any subsidiary company up to but not exceeding 66 $\frac{2}{3}$ % of the cost of such real property and of such shopping centres and/or retail or wholesale premises.



- (ii) the extension, renewal or refunding by the Company or any subsidiary company of any purchase money mortgages, or of any funded obligations at any time outstanding, in each case to the extent of the principal amount of such purchase money mortgages or funded obligations being refunded which is outstanding at the time of such refunding and, provided that the purchase money mortgages or the funded obligations being refunded were secured by mortgage, charge, pledge or encumbrance, the securing of such extension, renewal or refunding by mortgage, charge, pledge or encumbrance of any of its assets;
- (iii) the mortgaging, charging, pledging or otherwise encumbering of any of its assets by the Company or a subsidiary company for the purpose of securing the Company's bankers for present or future debts or liabilities of the Company or such subsidiary company to such bankers incurred or to be incurred in the ordinary course of business of the Company or such subsidiary company;
- (iv) the deposit of cash or obligations of the Government of Canada in connection with contracts for tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incident to current construction, mechanics', warehousemen's, carriers' and other similar liens; or
- (v) the creation or issue of funded obligations, secured or unsecured, by any subsidiary company exclusively to the Company and the securing thereof by mortgage, charge, pledge or encumbrance of any of its assets.

The Trust Indenture will also contain definitions of the following terms: "consolidated net current assets", "consolidated current assets", "consolidated current liabilities", "funded obligations", "consolidated funded obligations", "first mortgage bonds", "consolidated net earnings" and "consolidated net tangible assets" in the manner referred to in paragraph (i) of the subjoined Statutory Information.

#### **Sinking Fund and Redemption of Series A Debentures**

The Company will covenant in the Trust Indenture to provide a sinking fund for the retirement of Series A Debentures prior to maturity to the extent and in the manner referred to on the first page of this prospectus and in paragraph (i) of the subjoined Statutory Information.

The Series A Debentures will be redeemable at the option of the Company, at the premiums and subject to the restrictions also referred to on said first page and in said paragraph (i).

#### **Issue of Additional Debentures**

The amount of Debentures to be issuable under the Trust Indenture will, subject to compliance with the covenants hereinbefore referred to, be unlimited and additional Debentures will be issuable thereunder in one or more series, which may bear a different rate or rates of interest, mature on different dates and have different attributes and characteristics not inconsistent with the terms of the Trust Indenture.

KELLY, DOUGLAS & COMPANY, LIMITED.

(Signed) VICTOR MACLEAN,  
President.



**Kelly, Douglas & Company, Limited**  
and Subsidiary Companies

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at August 17, 1957**

After giving effect in the pro forma balance sheet to the proposed issue and sale of \$3,000,000 6% Sinking Fund Debentures, Series A (carrying warrants to purchase Cumulative Participating Class "A" Shares Note 3c) maturing November 1, 1977 for a consideration of \$2,850,000 and the application of the proceeds to general corporate purposes of the Company including repayment of bank demand loans and after providing for estimated expenses of \$30,000 relating to the proposed issue.

<b>Assets</b>			
		Balance Sheet	Pro Forma Balance Sheet
<b>CURRENT ASSETS:</b>			
Cash .....		\$ 150,578	\$ 1,590,578
Accounts receivable, less provision for doubtful accounts .....		4,410,311	4,410,311
Inventories at the lower of cost or market (Note 1) .....		8,307,117	8,307,117
Properties held for sale under lease-back arrangements, at cost .....		846,897	846,897
Prepaid expenses .....		267,493	267,493
		<u>\$13,982,396</u>	<u>\$15,422,396</u>
<b>FIXED ASSETS:</b>			
Land, at cost .....		\$ 255,806	\$ 255,806
Buildings, machinery and equipment, at cost .....		\$ 7,830,432	\$ 7,830,432
Less—			
Accumulated depreciation .....		2,912,966	2,912,966
		<u>\$ 4,917,466</u>	<u>\$ 4,917,466</u>
		<u>\$ 5,173,272</u>	<u>\$ 5,173,272</u>
<b>OTHER ASSETS:</b>			
Deferred accounts receivable, sundry investments, etc. (Note 3b) .....		\$ 167,807	\$ 167,807
Unamortized bond discount, incorporation and bond issue expenses .....		11,586	11,586
Discount and expenses of new debenture issue .....			180,000
Excess of cost of shares in subsidiaries over their underlying net book value at dates of acquisition (net) .....		192,256	192,256
		<u>\$ 371,649</u>	<u>\$ 551,649</u>
		<u>\$19,527,317</u>	<u>\$21,147,317</u>
<b>Liabilities and Shareholders' Interest</b>			
<b>CURRENT LIABILITIES:</b>			
Bank demand loans—secured (Note 1c) .....		\$ 1,380,000	\$ .....
Instalment note payable to bank on December 31, 1957—secured (Note 1c) .....		125,000	125,000
Accounts payable and accrued liabilities .....		3,264,265	3,264,265
Bills payable (Note 1) .....		3,546,950	3,546,950
Long term debt due within one year (Note 2) .....		86,000	86,000
Income taxes payable (estimated) .....		689,240	689,240
		<u>\$ 9,091,455</u>	<u>\$ 7,711,455</u>
<b>LONG TERM DEBT (Note 2)</b> .....		<u>\$ 1,799,897</u>	<u>\$ 4,799,897</u>
<b>ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE PERIODS</b> .....		<u>\$ 152,069</u>	<u>\$ 152,069</u>
<b>SHAREHOLDERS' INTEREST:</b>			
Share capital (Note 3)—			
4½% cumulative redeemable Preference Shares of a par value of \$100 each:			
Authorized—20,000 shares			
Issued — 6,192 shares		\$ 619,200	\$ 619,200
Cumulative Participating Class "A" Shares without nominal or par value (entitled to fixed, cumulative, preferential cash dividends at the rate of 25c per share per annum payable quarterly):			
Authorized—2,000,000 shares			
Issued — 871,000 shares		\$ 1,626,500	\$ 1,626,500
Class "B" Shares without nominal or par value:			
Authorized—3,000,000 shares			
Issued — 1,563,000 shares		1,594,500	1,594,500
Capital surplus created on redemption of Preference Shares .....		154,800	154,800
Reserve for contingencies .....		100,000	100,000
Income retained in the business .....		4,388,896	4,388,896
		<u>\$ 8,483,896</u>	<u>\$ 8,483,896</u>
		<u>\$19,527,317</u>	<u>\$21,147,317</u>
<b>CONTINGENT LIABILITIES:</b>			
Endorsements and guarantees .....	\$ 63,947		
Open letters of credit .....	128,330		
<b>CONTRACTUAL COMMITMENTS for purchase of Fixed Assets</b> .....	<b>\$251,000</b>		

The notes to the consolidated balance sheet and pro forma consolidated balance sheet appearing on page 10 of this prospectus should be read as an integral part hereof.

Approved on behalf of the Board:

(Signed) VICTOR MacLEAN, *Director*.

(Signed) A. H. PINKHAM, *Director*.



**Kelly, Douglas & Company, Limited**  
and Subsidiary Companies

**Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet**  
as at August 17, 1957

1. (a) In conformity with the company's usual practice, goods in transit from suppliers and the related liabilities have not been reflected in the consolidated balance sheet, except where the liability took the form of accepted bills.

(b) Bills payable in foreign currencies are included at the Canadian dollar equivalent under future exchange contracts. As at August 17, 1957 the Company had contracted for further purchases of approximately \$1,600,000 U.S. funds.

(c) As security for indebtedness to the bank and for the issue of letters of credit under which the majority of the company's bills payable are drawn, the company's bankers held at August 17, 1957:—

(i) Warehouse and trust receipts on inventories of non-processed tea and coffee included in the inventories at a value of approximately \$1,298,000.

(ii) Demand debentures of the company aggregating \$5,000,000 secured by a specific charge against certain assets and a floating charge against other assets.

2. Long term debt:—

	Balance Sheet	Pro Forma Balance Sheet
4½% instalment notes of \$125,000 each, payable to bank on December 31 in each of the years 1957 to 1963 inclusive and \$500,000 on December 31, 1964, less \$125,000 due within one year included with current liabilities—secured (Note 1c) .....	\$1,250,000	\$1,250,000
First Mortgage Serial 4% Bonds of a subsidiary company maturing \$86,000 per annum to September 1, 1961 and \$96,000 on September 1, 1962, less \$86,000 due within one year included with current liabilities.....	440,000	440,000
5% loans of a subsidiary company repayable December 31, 1960 .....	109,897	109,897
6% Sinking Fund Debentures, Series A (carrying warrants to purchase Cumulative Participating Class "A" Shares—Note 3c) to mature November 1, 1977 .....	.....	3,000,000
	<u>\$1,799,897</u>	<u>\$4,799,897</u>

3. (a) In April 1956, the directors authorized the issue of 97,500 common shares of a par value of \$1 each to certain officers and employees at the price of \$1.50 per share under a stock option plan. By reason of the conversion of common shares into Class "A" and "B" shares, which took place on February 28, 1957, each optionee became entitled to subscribe for one Class "A" share and three Class "B" shares for each four common shares under option. Options in respect of 18,375 Class "A" shares and 55,125 Class "B" shares are outstanding and unexercised as at August 17, 1957.

(b) Included with deferred accounts receivable, sundry investments, etc., as at August 17, 1957 are the following amounts:—

Class "A" and "B" shares of the company held by a subsidiary.....	\$ 54,844
Unpaid subscriptions on the Class "A" and "B" shares of the company.....	37,825
	<u>\$ 92,669</u>

(c) The warrants to be attached to the definitive 6% Sinking Fund Debentures, Series A, will entitle the holders thereof to purchase on and after March 31, 1958 Cumulative Participating Class "A" Shares without nominal or par value at the rate of 75 such shares, as presently constituted, in respect of each \$1,000 principal amount of Debentures, at the following prices:—

\$4.25 per share if purchased at any time up to the close of business on November 1, 1961  
and

\$4.75 per share if purchased thereafter and at any time up to the close of business on  
November 1, 1965.

After November 1, 1965 the share purchase warrants will be void.

To the Directors,  
KELLY, DOUGLAS & COMPANY, LIMITED:

We have examined the accompanying consolidated balance sheet and pro forma consolidated balance sheet of Kelly, Douglas & Company, Limited and subsidiary companies as at August 17 1957 and have obtained all the information and explanations we have required. Except for one subsidiary company whose accounts were examined and reported on by another firm of chartered accountants, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We report that, in our opinion, according to the best of our information and the explanations given to us and as shown by the books of the companies that we examined and the audited financial statements of the one subsidiary company referred to above,

(a) the consolidated balance sheet, supplemented by the notes thereto, presents fairly the financial position of the combined companies as at August 17 1957, and

(b) the pro forma consolidated balance sheet presents fairly the financial position of the combined companies as at August 17 1957 after giving effect as at that date to the proposed transactions described in the heading to the balance sheets.

Vancouver, B.C.,  
October 18, 1957.

(Signed) PRICE WATERHOUSE & Co.  
Chartered Accountants.



## STATUTORY INFORMATION

The following information is furnished in accordance with the provisions of The Securities Act (Ontario), The Securities Act, 1954 (Saskatchewan), the Quebec Securities Act, The Security Frauds Prevention Act (New Brunswick) and The Securities Act, 1955 (Alberta).

(a) The full name of the Company is KELLY, DOUGLAS & COMPANY, LIMITED (hereinafter referred to as the "Company"). The registered office of the Company is situate at Sussex Avenue and Kingsway, West Burnaby, British Columbia, and the address of the head office of the Company is 3700 Kingsway, Burnaby, British Columbia.

(b) The Company was incorporated as a private company under the provisions of the "Companies Act" of the Province of British Columbia on April 3, 1906 by the registration with the Registrar of Companies of British Columbia of a Memorandum and Articles of Association signed by the incorporators thereof on March 24, 1906. By Special Resolution of the Shareholders passed on May 9, 1955, the Company converted itself from a private company into a public company under the provisions of the said "Companies Act", and on the same date by a further Special Resolution of the Shareholders the original Articles of Association of the Company were abrogated and new Articles of Association were adopted. A Certificate of the Registrar of Companies under his seal confirming such conversion was issued on May 20, 1955. The original authorized capital of the Company was \$500,000 divided into 500,000 shares with a nominal or par value of \$1.00 each. By Special Resolution passed by the Shareholders at an Extraordinary General Meeting of the Company held on July 5, 1910 the authorized capital of the Company was increased to \$1,000,000 by the addition of 500,000 shares with a nominal or par value of \$1.00 each. The Shareholders of the Company at an Extraordinary General Meeting of the Company held on April 20, 1914 further increased the authorized capital of the Company to \$2,000,000 by the addition of a further 1,000,000 shares with a nominal or par value of \$1.00 each. By Special Resolution passed by the Shareholders at an Extraordinary General Meeting held on November 26, 1947, the authorized capital of the Company was increased to \$4,000,000 by the creation of 20,000 Preference shares with a nominal or par value of \$100.00 each and such increase was confirmed by a Certificate issued by the Registrar of Companies dated November 27, 1947. By Special Resolution passed by the Shareholders of the Company at an Extraordinary General Meeting held on February 9, 1956 and confirmed by a Certificate issued by the Registrar of Companies dated February 21, 1956, the authorized capital of the Company was increased to \$6,000,000 by the creation of 2,000,000 additional common shares with a nominal or par value of \$1.00 each. By Special Resolution passed by the Shareholders of the Company at an Extraordinary General Meeting held on February 28, 1957 and confirmed by a Certificate issued by the Registrar of Companies dated March 1, 1957 each common share of the Company with a nominal or par value of \$1.00 each was converted into a common share without nominal or par value and one-quarter of the issued and unissued common shares were designated Cumulative Participating Class "A" Shares without nominal or par value and the remaining three-quarters of the issued and unissued common shares were designated Class "B" Shares without nominal or par value and the same resolution further provided for the increase in the number of shares which the Company is authorized to issue by the creation of an additional 1,000,000 Cumulative Participating Class "A" Shares without nominal or par value, and further provided that the maximum price at or for which the shares without nominal or par value may be sold shall be \$5.00 per share. On the same date a further Special Resolution was passed providing for certain amendments to the Company's Articles of Association. No other amendments have been made to the Memorandum or Articles of Association of the Company.

(c) The general nature of the business actually transacted or to be transacted by the Company is, directly and through its wholly-owned subsidiary companies, the carrying on of a wholesale grocery business in the Province of British Columbia and the Yukon Territory and the manufacture and distribution of food products throughout the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

(d) The names, present occupations and home addresses of the Directors and Officers of the Company are as follows:

### Directors

FRED BOYD BROWN .....	Executive .....	5476 Angus Drive, Vancouver, B.C.
FRANCES MILDRED DOUGLAS .....	Company Director .....	The Stone Hall, Cushing, Quebec.
JOHN HOWARD KINNE .....	Executive .....	14025 - 36th Avenue N.E. Seattle, Washington.
ROBERT SCOTT LAIRD .....	Executive .....	5962 Churchill Street, Vancouver, B.C.
VICTOR FREDERICK MACLEAN .....	Executive .....	5630 Angus Drive, Vancouver, B.C.
ARNOLD HENRY PINKHAM .....	Chartered Accountant .....	1468 West 53rd Avenue, Vancouver, B.C.



## Officers

Chairman of the Board .....	FRED BOYD BROWN .....	5476 Angus Drive, Vancouver, B.C.
President .....	VICTOR FREDERICK MACLEAN .....	5630 Angus Drive, Vancouver, B.C.
Chairman of the Management Committee .....	ROBERT SCOTT LAIRD .....	5962 Churchill Street, Vancouver, B.C.
Secretary-Treasurer .....	ARNOLD HENRY PINKHAM, C.A. ....	1468 West 53rd Avenue, Vancouver, B.C.
Comptroller and Assistant Secretary-Treasurer .....	CHARLES MERRIVALE HUMPHRYS, C.A. ....	6187 McCleery Street, Vancouver, B.C.

(e) The Auditors of the Company are Messrs. Price Waterhouse & Co., Chartered Accountants, 355 Burrard Street, Vancouver, B.C.

(f) The Registrar in respect of the Company's Cumulative Participating Class "A" Shares and Class "B" Shares is National Trust Company, Limited at Vancouver, B.C. and the Transfer Agent in respect of such shares is National Trust Company, Limited at Vancouver, Winnipeg, Toronto and Montreal, Canada. The register in respect of the Preference Shares of the Company is kept by the Company at its head office, 3700 Kingsway, Burnaby, B.C. The registers in respect of the 6% Sinking Fund Debentures, Series A, and on which transfers will be made, will be kept at the office of National Trust Company, Limited, in Vancouver, Winnipeg, Toronto and Montreal, Canada.

(g) The authorized share capital of the Company consists of 20,000 Preference Shares with a nominal or par value of \$100.00 each, of which 6,192 shares are issued and outstanding as fully paid. The Company is also authorized to issue 2,000,000 Cumulative Participating Class "A" Shares without nominal or par value of which 806,000 shares are issued as fully paid and 15,000 shares are issued as partly paid. The Company is also authorized to issue 3,000,000 Class "B" Shares without nominal or par value of which 1,518,000 shares are issued as fully paid and 45,000 shares are issued as partly paid. The maximum price or consideration at or for which the shares of the Company without nominal or par value may be sold is \$5.00 per share.

(h) The description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital attaching to the respective classes of shares of the Company are as follows:

A. The Preference Shares of the Company shall, subject as hereinafter provided, confer on the holders thereof the rights and privileges following, that is to say:

- (a) The holders of the Preference Shares shall have the right to receive annually out of the profits of each year available for dividends a fixed cumulative preferential dividend for such year at the rate of Four and One-half (4½%) per cent per annum on the capital for the time being paid up on the Preference Shares held by them respectively, such dividend to be in preference to any dividend upon the Cumulative Participating Class "A" Shares and the Class "B" Shares of the Company.
- (b) In the event of any voluntary or involuntary dissolution or liquidation of the Company, or upon any distribution of the assets thereof in the event of insolvency, or upon any winding up of the Company, the holders of the said Preference Shares shall be entitled, before any distribution of capital shall be made to the holders of any of the Cumulative Participating Class "A" Shares and the Class "B" Shares of the Company, to receive all unpaid dividends thereon which have been declared but not paid, and to which the said Preference Shares were entitled, and thereupon to repayment of the amount paid up or credited as paid up on the said Preference Shares, and the holders of the said Preference Shares shall not be entitled to any further share or right to participate in the profits or assets of the Company.
- (c) The holders of the said Preference Shares shall not be entitled to vote at any meeting of the shareholders.
- (d) Subject to the rights hereby attached to the said Preference Shares, the said shares are accepted by the holders thereof upon the express understanding that the capital of the Company may be increased or reduced at any time and from time to time as allowed by law and that any shares in the capital of the Company for the time being may be issued with or subject to any preferential, deferred, qualified or special rights, privileges or conditions or restrictions whether in regard to dividend, distribution of assets, voting or otherwise, PROVIDED HOWEVER that the rights attached to the said Preference Shares or such of them as shall for the time being be issued, may at any time and from time to time be modified, affected, varied, extended or surrendered only with the sanction of a Special Resolution passed at a separate general meeting of the holders of such shares and all the provisions in the Articles of the Company contained as to general meetings shall mutatis mutandis apply to every such meeting, but so that the quorum thereof shall be members holding or representing by proxy a majority of the capital paid or credited as paid on the issued Preference Shares.



- (e) The Company may at any time, and from time to time, at its option, subject to Section 61 of the "Companies Act", redeem the whole or any part of the said Preference Shares by paying to the holders thereof the amount paid up or credited as paid up on the said shares, together with any declared and unpaid dividends to which the said shares were entitled hereunder, PROVIDED THAT in the event of the Company redeeming at any time less than the whole of the then outstanding Preference Shares, the Board of Directors may, by resolution, determine the number of Preference Shares to be paid off or redeemed, and take or redeem the shares from the Preference Shares held by each shareholder thereof, pro rata in proportion to his holdings, except that the Company shall not be required to pay off or redeem any fractions of shares, and the directors may depart from such pro rata redemption, in such manner and to such extent as they may deem advisable, in order to avoid fractions.
- (f) Notwithstanding any provisions in the Articles of Association of the Company, the Directors in their absolute discretion, shall have and are hereby given power to dispose of such Preference Shares, or any part thereof, at any time and from time to time, in such manner as they think most beneficial to the Company.

B. The rights, preferences, privileges, restrictions and limitations of the Cumulative Participating Class "A" Shares (hereinafter sometimes referred to as "Class "A" Shares") and Class "B" Shares respectively are as follows:

- (i) The holders of Class "A" Shares shall, subject to the prior rights and privileges attaching to the Preference Shares of the Company, be entitled to receive out of the moneys of the Company properly applicable to the payment of dividends, if, as and when declared by the Board of Directors, fixed, cumulative, preferential cash dividends at the rate of Twenty-five cents (25¢) per share per annum payable quarterly on the last days of February, May, August and November in each year. Dividends on the Class "A" Shares shall accrue (a) with respect to Class "A" Shares which were formerly existing and outstanding Common Shares to which the rights, preferences, privileges, restrictions and limitations set out in paragraphs (i) to (xiv) hereof were attached, from the date of such attachment and (b) with respect to Class "A" Shares originally allotted by the Company as such, from the date of allotment. Each such quarterly dividend on Class "A" Shares shall be deemed to be a dividend for the quarterly period ending on the dividend payment date and if not so declared and paid in or for any quarterly period may subsequently be declared and paid, and no dividend shall at any time be declared or paid upon or set apart for payment upon the Class "B" Shares or any of them or any other shares of the Company junior to the Class "A" Shares, until all cumulative preferential dividends on the Class "A" Shares shall have been declared and paid or set apart for payment for the current quarterly period and for all previous quarterly periods.

The holders of the Class "A" Shares shall also be entitled subject to the terms and conditions contained in paragraph (iii) hereof to receive additional participating dividends to the extent provided in said paragraph (iii).

- (ii) Subject to the provisions of paragraphs (i), (iii), (v), (vi) and (xii) hereof, the Company may pay, as and when declared by the Board of Directors of the Company, out of the moneys of the Company properly applicable to the payment of dividends as aforesaid dividends on the Class "B" Shares.
- (iii) Subject to the provisions of paragraphs (v), (vi) and (xii) hereof whenever in any period of twelve (12) months commencing on the last day of May in each year dividends aggregating Twenty-five Cents (25¢) per share shall have been paid and declared or set apart for payment on the Class "A" Shares and dividends aggregating an amount per share equal to Twenty-five Cents (25¢) plus the amount (if any) by which Twenty-five Cents (25¢) exceeds the dividend per share paid or declared or set apart for payment on the Class "B" Shares in the immediately preceding period of twelve (12) months shall have been paid or declared or set apart for payment on the Class "B" Shares in accordance with the provisions of the preceding paragraphs (i) and (ii) hereof any and all further dividends which in the discretion of the Board of Directors of the Company may be paid in such first mentioned period of twelve (12) months shall be declared and paid or set apart for payment in equal amounts per share on all the Class "A" Shares and the Class "B" Shares at the time outstanding share and share alike without preference or priority or distinction as between Class "A" Shares and Class "B" Shares.
- (iv) Cheques of the Company or of the registrar or transfer agent for the time being of the Class "A" Shares, payable at par at any branch of the Company's bankers in Canada, shall be issued in respect of such dividends and payment thereof shall satisfy such dividends. With respect to the Class "A" Shares dividends shall be paid to the registered holders appearing on the register at the close of business on such a day preceding the day fixed for payment of the dividends as may be determined from time to time by the Directors.
- (v) So long as any of the Class "A" Shares are outstanding the Company shall not without, but may from time to time with, the consent of the holders of the Class "A" Shares given in the manner hereinafter specified, declare or pay on or set apart any dividend for the Class "B" Shares or any of them or any other shares of the Company junior to the Class "A" Shares, unless all accrued



dividends up to and including the dividend payable for the last quarter elapsed on the Class "A" Shares then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment. The Company shall not redeem, purchase or retire any shares of its capital stock or declare or pay any dividend on the Class "B" Shares or any of them or on any other shares of the Company junior to the Class "A" Shares (a) when the consolidated net current assets of the Company and its subsidiary companies are less than or if after payment of such dividend or such redemption, purchase or retirement such consolidated net current assets would be less than Three Million Dollars (\$3,000,000), or (b) when the consolidated current assets of the Company and its subsidiary companies are less than or if after payment of such dividend or such redemption, purchase or retirement such consolidated current assets would be less than one hundred and twenty-five per cent (125%) of the consolidated current liabilities of the Company and its subsidiary companies. "Consolidated net current assets" as used herein shall mean the surplus of consolidated current assets over consolidated current liabilities. "Consolidated current assets" means the following assets of the Company and subsidiaries: good accounts receivable, good bills and notes receivable and similar items, prepaid interest, insurance, rents, municipal taxes and similar deferred charges, real property held for resale as wholesale or retail premises under leaseback in the ordinary course of the Company's business and approved for inclusion in the Company's current assets by the Company's Auditors in accordance with sound accounting practice, cash on hand and in bank, securities having a recognized public market taken at their market value, inventories of stock in trade, at the lower of cost or market, of the Company and subsidiaries, and stores and supplies necessary for the operation of the plant and the manufacture of the products of the Company and subsidiaries. "Consolidated current liabilities" means all the liabilities of the Company and subsidiaries other than indebtedness having a stated maturity of one year or more from the date as of which the consolidated current assets and the consolidated current liabilities are determined hereunder and other than liabilities to shareholders for capital stock and surplus. In the case of subsidiary companies not wholly owned there shall be taken into account for the purpose of determining consolidated net current assets only the proportion of the net current assets of such subsidiary companies attributable to the shareholding of the Company or any other subsidiary company in such subsidiary companies. For the purpose of this paragraph (v), a certificate of a responsible officer of the Company as to consolidated net current assets as of a date not more than sixty (60) days prior to such declaration of a dividend, or such redemption, purchase or retirement, as the case may be, shall be deemed to be the amount of such consolidated net current assets as of the date of such declaration, redemption, purchase or retirement, and shall be conclusive and binding on the holders of Class "A" Shares and the holders of shares of every other class. A "subsidiary" for the purpose of the foregoing provisions shall mean any company a majority of the outstanding voting stock or shares of which is owned directly or indirectly by or held for the Company and includes any subsidiary of a subsidiary.

- (vi) In the event of a subdivision, consolidation or other lawful reclassification by way of exchange, conversion or otherwise of the Class "A" Shares and Class "B" Shares or either of them, the entitlement of the holders of the Class "A" Shares and Class "B" Shares respectively, to dividends and capital shall be appropriately adjusted, if necessary, to maintain the priority and proportionate entitlement to dividends and capital as existed between the holders of the Class "A" Shares and Class "B" Shares immediately prior to such subdivision, consolidation or other lawful reclassification. If the Company shall declare and pay a stock dividend in Class "B" Shares upon the Class "B" Shares or a dividend payable at the option of the respective holders either in Class "B" Shares or in cash, then in each such case from and after the payment date of such dividend the entitlement of the holders of the Class "B" Shares to dividends and capital shall be decreased per share in proportion to the increase in number of the outstanding Class "B" Shares resulting from such dividend.
- (vii) In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among shareholders (other than by way of dividends out of moneys of the Company properly applicable to the payment of dividends) the holders of the Class "A" Shares shall first be entitled to receive out of the assets available for distribution to the holders of the Class "A" and Class "B" Shares of the Company an amount equivalent to the unpaid preferential dividends thereon (which for such purpose shall be treated as if such dividends were accruing from day to day up to the date of such distribution) whether declared or not and thereafter the holders of the Class "A" Shares and the holders of the Class "B" Shares shall be entitled to share equally, share for share, in all distributions of the assets of the Company available for distribution to the Class "A" and Class "B" shareholders of the Company.
- (viii) The holders of Class "A" Shares shall not be entitled (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company and shall not be entitled to any vote at any such meeting unless and until the Company from time to time shall fail to pay in the aggregate six quarterly dividends on the Class "A" Shares on the dates on which the same should be paid according to the terms hereof whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends. Thereafter so long as any dividends remain in arrears the holders of Class "A" Shares shall be entitled to receive notice of and to attend all meetings of shareholders and to have one vote in respect of each Class "A" Share held and shall be entitled, voting separately and as a class, to elect one Director to the Board of Directors of the Company. Nothing herein con-



tained shall be deemed to limit the right of the Company to increase or decrease the number of its Directors. Provided that upon all accrued and cumulative dividends upon the said Class "A" Shares being declared and paid and the current quarterly dividend declared and set apart for payment, the voting rights of the holders of the Class "A" Shares provided for in case of default of payment of dividends on the Class "A" Shares as aforesaid, shall cease and they shall not thereafter be entitled to receive notice of or to attend or to vote at any meeting of the shareholders until default shall again be made by the Company in paying six quarterly dividends as aforesaid, and so on from time to time.

Notwithstanding anything contained in the Memorandum or Articles of Association of the Company, the term of office of all persons who may be Directors of the Company at any time when the right to elect a Director shall accrue to the holders of the Class "A" Shares as herein provided, or who may be appointed as Directors after such right shall have accrued and before a meeting of shareholders shall have been held, shall terminate upon the election of new Directors at the next annual general meeting of shareholders or at an extraordinary general meeting which may be held for the purpose of electing Directors at any time after the accrual of such voting rights upon not less than twenty (20) days' written notice. Such extraordinary general meeting shall be called by the Secretary of the Company upon the written request of the holders of record of at least one-tenth of the outstanding Class "A" Shares and in default of the calling of such extraordinary general meeting by the Secretary within five (5) days after the making of such request it may be called by any holder of record of Class "A" Shares.

Any vacancy occurring with respect to the member of the Board elected to represent the holders of the Class "A" Shares in accordance with the foregoing provisions may be filled by the Board. Whether or not such vacancy is so filled by the Board, the holders of record of at least one-tenth of the outstanding Class "A" Shares shall have the right to require the Secretary of the Company to call a meeting of the holders of the Class "A" Shares for the purpose of filling the vacancy or replacing the person filling such vacancy who has been appointed by the Directors and the provisions of the last preceding sub-paragraph shall apply with respect to the calling of such meeting.

Notwithstanding anything contained in the Memorandum or Articles of Association of the Company on any termination of the voting rights of the Class "A" Shares as herein provided the term of office of the Director elected to represent the holders of the Class "A" Shares shall forthwith terminate.

- (ix) At all meetings of shareholders of the Company the holders of Class "B" Shares shall have one vote for each Class "B" Share held.
- (x) Any consent aforesaid shall be deemed to have been sufficiently given if contained in or evidenced by a resolution of a meeting of the holders of the Class "A" Shares called for the purpose at which meeting shareholders holding not less than a majority of the Class "A" Shares are present in person or represented by proxy and in favour of which the holders of at least three-quarters of the Class "A" Shares present in person or represented by proxy shall have voted; any consent given in the manner aforesaid shall be binding on all holders of the Class "A" Shares; a certificate of the President or a Vice-President and the Secretary or an Assistant-Secretary of the Company as to the giving of any consent aforesaid by the requisite vote or proportion of the holders of Class "A" Shares shall be conclusive and binding on the Company and the holders of shares of every class.
- (xi) No holder of Class "A" Shares or Class "B" Shares shall be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or of bonds, debentures, or other securities of the Company now or hereafter authorized.
- (xii) The aggregate amount of any tax paid by the Company under the provisions of Section 105 of the Income Tax Act or any corresponding section of the said Act and the paid-up value of any stock dividend (other than in Class "A" or Class "B" Shares) and the market value of any stock dividend in Class "A" Shares declared by the Company to the holders of Class "B" Shares, shall be deemed to have been received by the holders of the Class "B" Shares as a dividend for the purpose of calculating their entitlement to dividends, and in the event that any stock dividend to the holders of Class "B" Shares is declared payable in shares other than Class "A" or Class "B" Shares then the Company shall redeem such shares within thirty (30) days of the date of issue thereof.
- (xiii) The foregoing rights, preferences, priorities, privileges, restrictions or limitations carried by the Class "A" and Class "B" Shares respectively may be varied, repealed or modified if such variation, repeal or modification be sanctioned by at least three-quarters of the votes cast by the holders of the Class "A" Shares and by at least three-quarters of the votes cast by the holders of Class "B" Shares at separate Extraordinary General Meetings thereof duly called for considering such variation, repeal or modification at each of which shareholders holding not less than a majority of the shares affected are present in person or represented by proxy.
- (xiv) Save as hereinbefore provided the formalities to be observed in respect to the giving of notice of any meeting or Extraordinary General Meeting for any of the purposes above mentioned and the conduct thereof shall be those prescribed in respect of meetings of shareholders in the then Articles of Association of the Company.



(i) On or about June 1, 1952 the Company created an issue of bearer demand debentures for the purpose of providing additional security by the pledge thereof to the Company's bankers. There are presently issued and so pledged with the Company's bankers as additional security for bank loans and accommodation debentures in the aggregate principal amount of \$5,000,000. The debentures carry an interest rate of  $4\frac{1}{2}\%$  per annum payable half yearly on the first days of June and December in each year, and are secured by a Trust Deed dated as of June 1, 1952 and entered into by the Company and The Royal Trust Company, as Trustee. The Trust Deed charges by a specific charge certain lands and hereditaments and certain machinery, goods, chattels and things, and further charges by way of a floating charge all other assets of the Company for the time being both present and future including its uncalled capital.

Under an Indenture dated for reference the 1st day of September, 1947 and made between Nabob Holdings Limited of the First Part and The Yorkshire & Canadian Trust Limited as Trustee of the Second Part and the Company as Guarantor of the Third Part, the Company did guarantee the due and punctual payment of all principal moneys, premium (if any), interest and other moneys from time to time payable by the said Nabob Holdings Limited with respect to an issue of First Mortgage Bonds authorized by that company in the total aggregate principal amount of \$3,500,000 of which \$1,300,000 principal amount were originally issued. \$860,000 principal amount thereof have been paid and discharged and there are presently issued and outstanding \$440,000 principal amount of the said First Mortgage Bonds.

Other than the foregoing, no bonds or debentures of the Company are presently outstanding, but the Company proposes to issue \$3,000,000 principal amount of 6% Sinking Fund Debentures, Series A (said principal amount of Debentures being hereinafter called "Series A Debentures"), being the securities offered by this Prospectus.

The \$3,000,000 aggregate principal amount of the Series A Debentures will, in the opinion of Counsel, be direct obligations of the Company but will not be secured by any mortgage, pledge or other charge and will be issued under the provisions of a Trust Indenture (hereinafter referred to as the "Trust Indenture") to be dated as of November 1, 1957 and to be made between the Company and National Trust Company, Limited, as Trustee. Principal and semi-annual interest (May 1 and November 1) and redemption premium, if any, on the Series A Debentures will be payable in lawful money of Canada at the holder's option at any branch in Canada of the Company's bankers. Definitive Series A Debentures will be issuable in the denomination of \$1,000 if registrable as to principal only, and in denominations of \$1,000 and authorized multiples thereof if fully registered.

The Trust Indenture will contain provisions to the effect that:—

1. The Company will not redeem any Series A Debentures prior to November 1, 1967, as part of a refunding or anticipated refunding operation by the application, directly or indirectly, of moneys borrowed in connection with such refunding or anticipated refunding operation having an interest rate of less than 6% per annum.
2. Subject to the provisions of paragraph 1, the Series A Debentures will be redeemable at the option of the Company, in whole at any time or in part from time to time, on not less than thirty days' notice at 100% of the principal amount thereof together, in cases where redemption is made for purposes other than sinking fund, with a premium thereon of 6% of such principal amount in respect of Series A Debentures redeemed up to and including November 1, 1958 and thereafter decreasing by .30 of 1% of such principal amount for each year or portion thereof elapsed after November 1, 1958 to and including November 1, 1976 and thereafter to the date fixed for redemption without premium, plus in all cases interest accrued to the date fixed for redemption.

When redemption is made for sinking fund purposes no premium will be payable.

3. The Company will have the right to purchase Series A Bonds in the market or by private contract at prices not exceeding the then current redemption price applicable to redemptions at the option of the Company plus costs of purchase.
4. The Company will pay to the Trustee as and by way of a sinking fund for the Series A Debentures on or before November 1 in each of the years 1958 to 1976, both inclusive, a sum sufficient to retire \$100,000 principal amount of Series A Debentures. The Company will have the right to tender Series A Debentures in satisfaction, in whole or in part, of any such sinking fund payment.
5. So long as any Series A Debentures remain outstanding:

- (a) The Company will not declare or pay any dividends (other than dividends payable in capital stock of the Company) on or apply any of its properties or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on, or for the purchase, redemption or other retirement of, or make any other distribution, by reduction of capital or otherwise, in respect of, or permit any subsidiary company to purchase, any shares of any class of capital stock of the Company unless, immediately after giving effect thereto.

(i) the consolidated net current assets of the Company and its subsidiary companies would be not less than \$3,000,000; and

(ii) the consolidated current assets of the Company and its subsidiary companies would be not less than 125% of the consolidated current liabilities of the Company and its subsidiary companies, provided, however that this covenant will not apply to nor operate to prevent the purchase, redemption or other retirement of any shares of the Company out of the proceeds of an issue of shares made at any time after November 1, 1957 and prior to or contemporaneously with such purchase, redemption or other retirement.



- (b) Neither the Company nor any subsidiary company will thereafter mortgage, charge, pledge or otherwise encumber any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations unless such of the Series A Debentures as shall then be outstanding are secured at such time by such mortgage, charge, pledge or other encumbrance so that the same shall be secured equally and rateably with such moneys, debts, liabilities, bonds, debentures, notes or other obligations; provided, however, that this covenant shall not apply to nor operate to prevent the issue from time to time, or the securing by mortgage, charge, pledge or encumbrance, of first mortgage bonds of the Company or of any subsidiary company, without limitation as to the maximum principal amount thereof to be at any one time outstanding under and in accordance with existing or future provisions of the trust deeds, if any, securing same and any and all deeds in amendment or supplement thereof or creating additional security therefor or the securing by mortgage, charge, pledge or encumbrance of debts, liabilities, bonds, debentures, notes or other obligations from a subsidiary company exclusively to the Company.
- (c) The Company will not, nor will it permit any subsidiary company to, thereafter issue or become liable on any funded obligations (other than the Series A Debentures) unless
- (i) the average annual consolidated net earnings of the Company and its subsidiary companies for the two immediately preceding fiscal years are at least equal to four times the annual interest requirements on all consolidated funded obligations of the Company and its subsidiary companies to be outstanding after such proposed issue or after the Company or such subsidiary company so becoming liable, as the case may be;
  - (ii) the consolidated net tangible assets (after giving effect to the receipt of the net proceeds of the funded obligations then proposed to be issued and to the use of said proceeds then contemplated by the directors, as to which a resolution of the directors shall be conclusive) of the Company and its subsidiary companies are at least equal to  $1\frac{3}{4}$  times the aggregate principal amount of all consolidated funded obligations of the Company and its subsidiary companies to be outstanding after such proposed issue or after the Company or such subsidiary company so becoming liable, as the case may be;
  - (iii) the consolidated net current assets of the Company and its subsidiary companies (after giving effect to the receipt of the net proceeds of the funded obligations then proposed to be issued and to the use of said proceeds then contemplated by the directors, as to which a resolution of the directors shall be conclusive) shall be not less than \$3,000,000; and
  - (iv) the consolidated current assets of the Company and its subsidiary companies (after giving effect to the receipt of the net proceeds of the funded obligations then proposed to be issued and to the use of said proceeds then contemplated by the directors, as to which a resolution of the directors shall be conclusive) shall at least equal 125% of the consolidated current liabilities of the Company and its subsidiary companies.
- (d) The Company will not, nor will it permit any subsidiary company to, issue thereafter any funded obligations (other than first mortgage bonds) having a maturity date prior to November 1, 1977, other than funded obligations maturing serially.
- (e) The aggregate amount payable in any year in respect of any issue of funded obligations of the Company or any subsidiary company issued after November 1, 1957 (other than first mortgage bonds) to meet serial maturities and/or as mandatory sinking fund payments shall not bear a higher ratio to the aggregate principal amount of such issue than the ratio borne by the sinking fund payment on the Series A Debentures in such year to \$3,000,000, unless the sinking fund payment in such year in respect of the Series A Debentures is increased proportionately; provided that any such increase shall take effect only on the November 1 next following the date when the first such proportionately greater payment on such funded obligations is made.
- (f) The Company will not, nor will it permit any subsidiary company to, thereafter sell or otherwise dispose of any funded obligations, secured or unsecured, of a subsidiary company except to another subsidiary company unless, if such funded obligations were funded obligations of the Company, they would be permitted, at the date of such sale or other disposition, to be created and issued by the Company under the provisions of clauses (b) to (e) inclusive or under clause (g) hereof.
- (g) The foregoing clauses (a) to (f) inclusive shall not apply to nor operate to prevent
- (i) the assuming or giving of (1) purchase money mortgages on property acquired by the Company or by any subsidiary company up to but not exceeding  $66\frac{2}{3}\%$  of the cost of the property so acquired, or (2) first mortgages for the purpose of financing the purchase or construction of shopping centres and/or retail or wholesale premises on real property acquired by the Company or by any subsidiary company up to but not exceeding  $66\frac{2}{3}\%$  of the cost of such real property and of such shopping centres and/or retail or wholesale premises.
  - (ii) the extension, renewal or refunding by the Company or any subsidiary company of any purchase money mortgages, or of any funded obligations at any time outstanding, in each case to the extent of the principal amount of such purchase money mortgages or funded obligations being refunded which is outstanding at the time of such refunding and, provided that the purchase money mortgages or the funded obligations being refunded were secured by mortgage, charge, pledge or encumbrance, the securing of such extension, renewal or refunding by mortgage, charge, pledge or encumbrance of any of its assets;
  - (iii) the mortgaging, charging, pledging or otherwise encumbering of any of its assets by the Company or a subsidiary company for the purpose of securing the Company's bankers for present or future debts or liabilities of the Company or such subsidiary company to such bankers incurred or to be incurred in the ordinary course of business of the Company or such subsidiary company;
  - (iv) the deposit of cash or obligations of the Government of Canada in connection with contracts for tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incident to current construction, mechanics', warehousemen's, carriers' and other similar liens; or



- (v) the creation or issue of funded obligations, secured or unsecured, by any subsidiary company exclusively to the Company and the securing thereof by mortgage, charge, pledge or encumbrance of any of its assets.

6. The Trust Indenture will also contain provisions whereby the board of directors may determine the amount of consolidated net current assets, consolidated current assets, consolidated current liabilities and consolidated net tangible assets as at a date not more than 120 days prior to the Company or any subsidiary company taking the proposed action by reason of which such determination is being made.

7. By the Trust Indenture the following expressions will be defined substantially as follows:

“Subsidiary company” means and includes any company or corporation of which more than 50% of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect a majority of the directors of such company or corporation) are for the time being owned by or held for the Company and/or any other company or corporation in like relation to the Company and includes any company or corporation in like relation to a subsidiary company.

“Consolidated current assets” of the Company and its subsidiary companies means the aggregate of the following assets of the Company and its subsidiary companies computed on a consolidated basis in accordance with sound accounting practice:

- (i) cash in banks, or in trust companies, on hand and in transit;
- (ii) accounts, bills and notes receivable and similar items receivable in the ordinary course of business (less such reserves for bad and doubtful debts as the Directors of the Company in their discretion with the approval of the Company’s Auditors may determine); the refundable portion of any taxes; and sundry advances, deposits and call loans readily convertible into cash;
- (iii) bonds and obligations of or guaranteed by the Government of Canada or any Province of Canada and other investments (which term shall include bonds, debentures, debenture stock, shares and obligations issued by the Company or any subsidiary company) which are readily saleable and which in accordance with generally accepted accounting practice may properly be grouped as current assets taken at their market value;
- (iv) real property held for resale as wholesale or retail premises under leaseback in the ordinary course of the business of the Company and/or any subsidiary company;
- (v) prepaid interest, insurance, municipal or other taxes, rents and similar prepaid expenses or deferred charges of a current nature;
- (vi) stock-in-trade including all manufactured products of the Company and its subsidiary companies and materials, stores and supplies necessary for the operation of the plants and/or the manufacturing of the products of the Company and its subsidiary companies, such stock-in-trade, materials, stores and supplies to be valued at the lower of cost or market value;
- (vii) cash surrender value of life insurance policies payable to the Company or its subsidiary companies;
- (viii) such other assets as are usually regarded as current by companies conducting a business similar to that of the Company and/or its subsidiary companies in accordance with sound accounting practice;

provided that in determining the amount of consolidated current assets there shall be taken into account only that portion of the above assets of each subsidiary company which, under generally accepted accounting practice, is attributable to the shares of such subsidiary company held by the Company or any other subsidiary company.

“Consolidated current liabilities” of the Company and its subsidiary companies means the aggregate of all indebtedness of the Company and its subsidiary companies other than funded obligations, computed on a consolidated basis in accordance with sound accounting practice and all other liabilities which sound accounting practice would include within the term “current liabilities”, provided that in determining the amount of consolidated current liabilities there shall be taken into account only that portion of the above liabilities of each subsidiary company which, under generally accepted accounting practice, is attributable to the shares of such subsidiary company held by the Company or any other subsidiary company.

“Consolidated net current assets” means the surplus of consolidated current assets over consolidated current liabilities.

“Consolidated funded obligations” of the Company and its subsidiary companies means the aggregate amount of all funded obligations of the Company and its subsidiary companies arrived at in accordance with sound accounting practice.

“Funded obligations” means any indebtedness the principal amount of which by its terms is not payable on demand and matures more than twelve months after the date of the creation or issuance thereof and any liability (contingent or otherwise) in respect of any guarantee by the Company of any such indebtedness of any person, firm or corporation other than a subsidiary company or customers or suppliers in the ordinary course of business.

“Consolidated net earnings” of the Company and its subsidiary companies for any specified period means all the gross earnings and income of the Company and its subsidiary companies from all sources for such period less all administrative, selling and operating charges and expenses of every character and all fixed charges of the Company and its subsidiary companies other than taxes on income or profits, interest on funded obligations, amortization of discount and expenses in respect of funded obligations and depreciation or any depletion (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice. Without limiting the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (other than taxes on income or profits), interest (other



than interest on funded obligations), and such allowances for bad and doubtful debts as the Directors in their discretion with the approval of the Company's Auditors may determine. In determining consolidated net earnings interest charges which will be eliminated or reduced by reason of the issuance of funded obligations shall be disregarded or adjusted; provided that the net earnings of any subsidiary company for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary company calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary company which are held by the Company or any other subsidiary company.

"Consolidated net tangible assets" of the Company and its subsidiary companies means the total of all assets appearing on a consolidated balance sheet of the Company and its subsidiary companies prepared on a consolidated basis in accordance with sound accounting practice, less the sum of

- (i) the amount, if any, at which goodwill, trade marks, trade name rights, copyrights, patents, patent rights and patent licences and other similar intangible assets, and unamortized debt discount and expense and similar deferred charges appear on the assets side of such consolidated balance sheet;
- (ii) reserves shown on such consolidated balance sheet for depreciation, obsolescence and bad or doubtful debts if not already deducted in arriving at the total of all assets;
- (iii) consolidated current liabilities shown on such consolidated balance sheet, other than contingent liabilities (except to such extent, if any, as the directors in their discretion shall determine that special provision shall be made for meeting such contingent liabilities) and sinking fund instalments in respect of any funded obligations,

provided that in determining the amount of consolidated net tangible assets there shall be taken into account only that portion of the assets and liabilities of each subsidiary company, calculated as aforesaid, which, under generally accepted accounting practice, is attributable to the shares of such subsidiary company which are held by the Company or any other subsidiary company.

"First mortgage bonds" means bonds or debentures of the Company and/or a subsidiary company secured (inter alia) by way of a specific first mortgage and charge on fixed assets of the Company and/or a subsidiary company and includes any such bonds or debentures upon which the Company and/or a subsidiary company is liable as a principal or as a guarantor.

(j) No substantial indebtedness not shown on the consolidated balance sheet of the Company and its subsidiary companies as at August 17, 1957 and the notes thereto, as contained in this Prospectus is to be created or assumed by the Company or its subsidiary companies at the present time, except

- (i) The proposed Series A Debentures referred to in paragraph (i) of this Statutory Information to which reference is hereby made, and
- (ii) Such bank loans as may be incurred in the ordinary course of business.

(k) The Company has a Stock Option Plan under which the Board of Directors may grant stock options to executives, officers and employees of the Company. Option Agreements under the said Plan have been entered into by the Company with twelve (12) of its executives, officers and employees and there are presently outstanding and unexercised options on 18,375 Cumulative Participating Class "A" Shares and 55,125 Class "B" Shares of which options on 3,750 Cumulative Participating Class "A" Shares and 11,250 Class "B" Shares are exercisable on or before May 31, 1958 and of which options on 4,875 Cumulative Participating Class "A" Shares and 14,625 Class "B" Shares are exercisable on or before May 31 in each of the years 1959, 1960 and 1961.

All the said Option Agreements are in substantially similar terms and provide that the optionee shall have the option to purchase the shares to which he may from time to time be entitled thereunder at a price of \$1.50 per share. All options granted cease and determine on the death of the optionee or in the event that the optionee shall cease to be employed by the Company or one of its subsidiary companies.

By letter agreement dated October 17, 1957 addressed by Wood, Gundy & Company Limited to the Company and accepted by the Company on October 18, 1957, the Company agreed to sell and Wood, Gundy & Company Limited agreed to purchase, if, as and when issued, and subject to compliance with the necessary legal formalities and to the terms and conditions contained therein, on or about November 6, 1957, the \$3,000,000 principal amount of Series A Debentures offered by this Prospectus at a price of \$95.00 and accrued interest per \$100.00 principal amount payable in cash against delivery of the Debentures.

The Series A Debentures when issued in definitive form on March 31, 1958 or such earlier date as the Company may determine, will have attached thereto Share Purchase Warrants entitling the bearers of such warrants to purchase on and after March 31, 1958 Cumulative Participating Class "A" Shares without nominal or par value of the Company at the rate of seventy-five (75) such shares, as presently constituted, in respect of each \$1,000 principal amount of Series A Debentures at the following prices:

- \$4.25 per share if purchased at any time up to the close of business on November 1, 1961, and
- \$4.75 per share if purchased thereafter and at any time up to the close of business on November 1, 1965.

The Share Purchase Warrants will expire at the close of business on November 1, 1965.



The Share Purchase Warrants will be issued pursuant to a trust indenture to be made as of November 1, 1957 between the Company and National Trust Company, Limited, as Trustee, which will contain provisions for adjustment in the number of shares issuable pursuant to the privilege attaching to the Share Purchase Warrants in the event of any consolidation, subdivision or reclassification of, or any stock dividend being paid on, the Class "A" Shares of the Company and in the event of the issue of Class "A" Shares of the Company at any time for a consideration (including commissions or discounts allowed by the Company) less than the price at which Class "A" Shares may be purchased pursuant to the Share Purchase Warrants at such time other than Class "A" Shares issued pursuant to options presently outstanding or options hereafter issued to executives, officers or employees of the Company or any of its subsidiary companies. In addition the Company will covenant to give thirty (30) days' notice by public advertisement before issuing to its shareholders pro rata rights to subscribe for additional shares, making any repayment of capital on its Class "A" or Class "B" Shares, consolidating or merging with any other company or selling or leasing a substantial part of its undertaking.

(l) The Company intends to issue \$3,000,000 principal amount of 6% Sinking Fund Debentures, Series A, at the price and on the terms mentioned or referred to in paragraph (k) above. Reference is also made to said paragraph (k) for particulars of the Share Purchase Warrants to be attached to the Series A Debentures when issued in definitive form. No securities have been offered by the Company for subscription within the two years preceding the date of this Prospectus except that by agreement dated March 18, 1957 the Company agreed to sell to Wood, Gundy & Company Limited 300,000 Cumulative Participating Class "A" Shares at a price of \$3.65 per share. On April 9, 1957 all the said 300,000 shares were issued and \$1,095,000, being the full purchase price therefor, was received by the Company in cash.

(m) The estimated net proceeds to be derived from the securities offered by this Prospectus on the basis of the same being fully taken up and paid for, are \$2,850,000, less the expenses of the issue of the said securities, being legal, audit, printing and other expenses estimated at \$30,000.

(n) The proceeds of the sale of the securities offered by this Prospectus will be added to the general funds of the Company and will be applied towards the general corporate purposes of the Company.

(o) In the opinion of the Directors, no minimum amount must be raised by the issue of the securities offered by this Prospectus to provide the sums required to pay the purchase price of any property, any preliminary expenses or commissions payable by the Company, the repayment of any moneys borrowed by the Company in respect of the foregoing matters or the repayment of any bank loans.

(p) The particulars and date of, and the parties to, the agreement with the underwriter with respect to the Series A Debentures offered by this Prospectus, and the price payable by the underwriter for the said Debentures are as mentioned in paragraph (k) hereof, to which reference is hereby made.

(q) The Articles of Association of the Company provide that the remuneration of the Directors shall from time to time be determined by ordinary resolution, whether previous notice thereof has been given or not.

(r) The aggregate remuneration paid by the Company during its last financial year ended May 25, 1957 to Directors of the Company as such was \$6,150 and to officers who individually received or were entitled to receive remuneration in excess of \$10,000 per annum was \$61,000. The aggregate remuneration estimated to be paid or payable during the current financial year to the Directors of the Company as such is \$7,200 and to officers of the Company who individually have received or may be entitled to receive remuneration in excess of \$10,000 per annum is \$57,000.

(s) No amount has been paid within the two years preceding the date of this Prospectus or is payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company.

(t) The Company has been carrying on business since the year 1906.

(u) and (v) No property has been purchased or acquired by the Company or is proposed to be purchased or acquired the purchase price of which is to be defrayed in whole or in part out of the proceeds of the Series A Debentures offered by this Prospectus or has been paid within the two years preceding the date of this Prospectus or is to be paid in whole or in part in securities of the Company. No property has been purchased or acquired by the Company or is proposed to be purchased or acquired the purchase or acquisition of which has not been completed at the date of this Prospectus other than in the ordinary course of operations or on the general credit of the Company.

(w) No securities of the Company have, within the two years preceding the date of this Prospectus, been issued or agreed to be issued as fully or partly paid up otherwise than in cash.

(x) The Series A Debentures offered by this Prospectus will be unsecured.

(y) No services have been or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the securities offered by this Prospectus except the services referred to in paragraph (m) hereof. No services have been within the two years preceding the date of this Prospectus, or are now proposed to be, paid for by securities of the Company.

(z) No amount has been paid within the two years preceding the date of this Prospectus or is intended to be paid to any promoter.

(za) The dates of and parties to and the general nature of every material contract entered into by the



Company within two years preceding the date of this Prospectus, other than contracts entered into in the ordinary course of business, are as follows:

- 1. Letter agreement dated March 18, 1957 between the Company and Wood, Gundy & Company Limited referred to in paragraph (l) hereof.
- 2. The twelve (12) Option Agreements referred to in paragraph (k) hereof.
- 3. Offer in writing made by the Company on December 30, 1955, to the holders of all of the outstanding shares of Dickson Importing Co. Limited which said offer was duly accepted by all of such holders.
- 4. Agreement dated January 3, 1956 made by the Company and the holders of all of the outstanding shares of Dickson Importing Co. Limited varying the original offer referred to in 3 above.
- 5. Agreement made as of May 1, 1956 between the Company and Roy K. Gell, Mrs. Hazel M. Boyd, J. R. McIntosh and A. R. Gray providing for the purchase of all the issued and outstanding shares of The Murray Company Limited.
- 6. Letter agreement dated October 17, 1957 between the Company and Wood, Gundy & Company Limited referred to in paragraph (k) hereof.

Copies of the contracts and agreements referred to above and of the Trust Indenture and the share purchase warrant trust indenture referred to in paragraph (k) above, when executed, may be inspected at the offices of the Company at 3700 Kingsway, Municipality of Burnaby, British Columbia, during usual business hours on any business day during the course of primary distribution to the public of the Series A Debentures offered hereby.

In addition to the foregoing, within the two years preceding the date hereof, contracts have been entered into by the Company for construction and other capital expenditures in connection with its program of development and expansion. These are in the form of separate written and oral contracts which have been entered into in the ordinary course of business and operations and on the general credit of the Company, and therefore, information as to their dates, the parties thereto and the general nature thereof, has been omitted.

(zb) The Company has not within the two years preceding the date of this Prospectus and does not at present propose to acquire any property in which any Director of the Company was or is interested.

(zc) The Company has carried on business for more than three years.

(zd) No securities of the Company are, to the knowledge of the Company, held in escrow.

(ze) During the five years preceding the date of this Prospectus, the Company has paid the following dividends:

Year ending	Distribution Tax Paid Undistributed Income	Common Dividends	Class "A" Dividends	Class "B" Dividends	Preference Dividends
May 30, 1953 .....	\$ 23,379	.....			\$34,830
May 29, 1954 .....	152,033	.....			34,830
May 28, 1955 .....	73,638	.....			34,830
May 26, 1956 .....		\$ 77,806			34,830
May 25, 1957 .....		113,717*	\$42,523	.....	31,347
3 months ended August 31, 1957.....			51,310	.....	.....

\*Includes extra dividend of \$41,200 paid in June 1956.

Under the provisions of Part XVIII of the Income War Tax Act the Company elected to pay a special tax of \$49,642.12 on its undistributed income of \$338,693.74 at November 30, 1939, leaving a balance of \$289,051.62 distributable to the Company's shareholders free of further tax. \$20,000 of this amount was paid out in each of the years ending June 2, 1951 and May 31, 1952. The balance was paid out as dividends to common shareholders as shown above.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act (Saskatchewan), by the Quebec Securities Act, by Section 13 of The Security Frauds Prevention Act (New Brunswick) and by Part IX of The Securities Act, 1955 (Alberta), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(Signed) FRED B. BROWN

(Signed) J. H. KINNE

(Signed) R. S. LAIRD

(Signed) VICTOR MACLEAN

(Signed) A. H. PINKHAM

(Signed) F. MILDRED DOUGLAS,  
by her agent J. T. FRASER



### Underwriter

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act (Saskatchewan), by the Quebec Securities Act, by Section 13 of The Security Frauds Prevention Act (New Brunswick) and by Part IX of The Securities Act, 1955 (Alberta), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of said underwriter.

WOOD, GUNDY & COMPANY LIMITED

per (Signed) J. J. WEST  
Vancouver, B.C.

C. L. Gundy, W. P. Scott, A. H. Williamson,  
D. R. A. Walker, E. S. Johnston, J. N. Cole,  
E. H. Ely, D. B. Dingle and J. K. McCausland.

October 18, 1957.















TRANSFER FEE

No fee is charged on the transfer of the Cumulative Participating Class "A" Shares other than stock transfer taxes.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors the applicant company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



KELLY, DOUGLAS & COMPANY, LIMITED  
"VICTOR MacLEAN," *President*  
"A. H. PINKHAM," *Secretary-Treasurer*

STATEMENT SHOWING NUMBER OF SHAREHOLDERS  
Distribution of Cumulative Participating Class "A" Shares  
as of November 25th, 1957

NUMBER						SHARES
415	holders of	1	—	100	share lots.....	36,405
184	" "	101	—	200	" " .....	33,480
154	" "	201	—	300	" " .....	39,700
37	" "	301	—	400	" " .....	14,126
95	" "	401	—	500	" " .....	51,200
70	" "	501	—	1000	" " .....	58,798
39	" "	1001	—	up	" " .....	587,916
994 Shareholders						Total shares.....821,625



